

contributions of our military families wherever they may be around the world.

As we go about the routine business of our lives, it is easy to forget the daily hardships, inconveniences, separations, and disruptions that our service men and women and their families endure to protect America. These dedicated individuals will affirm that it is their families who invariably sustain them and warm their hearts. In every city and State and in many countries worldwide, service men and women proudly note that the highlight of their day is that special smile, telephone call, or letter they receive. The military family is the motivational force that continually elevates the spirit of the service member when life's joys and sorrows need to be shared.

The Department of Defense has long recognized that the family unit is an important factor in the overall readiness and well-being of the members of the Armed Forces. Indeed, military families make extraordinary contributions to the entire Nation through their efforts to support and encourage their loved ones.

The Congress, by Senate Joint Resolution 115, has designated November 22, 1993, as "National Military Families Recognition Day" and has authorized and requested the President to issue a proclamation in observance of this day.

Now, Therefore, I, William J. Clinton, President of the United States of America, do hereby proclaim November 22, 1993, as National Military Families Recognition Day. I call upon all Americans to join in honoring military families throughout the world. Finally, I ask Federal, State, and local officials and private organizations to observe this day with appropriate ceremonies and activities.

In Witness Whereof, I have hereunto set my hand this eighteenth day of November, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and eighteenth.

William J. Clinton

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NOTE: This proclamation was released by the Office of the Press Secretary on November 19, and it will be published in the *Federal Register* on November 23.

Remarks to the Seattle APEC Host Committee

November 19, 1993

Thank you so much for that warm welcome, and thank you, all of you, for everything you have done to make this conference of the Asian-Pacific economic council a success. I want to thank your Governor for his leadership in coming all the way to Washington, DC, to help me pass the NAFTA agreement and for speaking up for it, and as a leader of the State which leads America in per capita trade. I want to thank my good friend Mayor Rice, who heads this wonderful city which has been voted the best city in America in which to do business, in no small measure because of your Mayor.

I'm glad to see my friend and former colleague Governor Roberts out there. I must say I sort of jumped when Governor Lowry introduced her as his neighbor to the south. I never thought of Oregon in the south before. That's a lesson for this whole conference: Perspective is very important. *[Laughter]*

I have one member of your delegation here, Congressman Norm Dicks, who came back with me yesterday; and Speaker Foley is on the way. But I'm glad to see him here. The Washington delegation has been enormously supportive of this administration in the cause of economic expansion, and I am very grateful for that.

Senator Murray wanted to come back with me also, but she's on the floor of the Senate even as I speak here, debating the crime bill and trying to pass it with 100,000 new police officers and the Brady bill and an historic ban on assault weapons, which she's working hard to keep in the bill.

I love Seattle. I always love to come here. I called home last night, and both my wife and my daughter had chewed me out because I was here, and they weren't. We've had some wonderful days here. This morning I got up, and I went running in Green Lake

Park. And I didn't turn green, but I nearly did. It was a vigorous run.

I am delighted that so many members of our administration came with me: The Secretary of Commerce, Ron Brown, my Chief of Staff, Mack McLarty, and our National Economic Adviser, Bob Rubin, are over here to my right, but we also have the Trade Ambassador, Mickey Kantor, here and the Secretary of State, Warren Christopher. They've all come here to make it clear how important we believe this wonderful meeting is to our future interests, as I know you do. I'm glad to see so many of my friends here from other States in the West and, indeed, from all across America.

This organization, APEC, has historically had 15 members that together account for more than half the world's output: Australia, Brunei, Canada, China, Indonesia, Japan, Hong Kong, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Chinese Taipei, Thailand, and the United States. At this meeting, we are adding Mexico and Papua New Guinea. This will be the first time that the leaders of all of these economies have gathered together. APEC reflects the Asian-Pacific values of harmony and consensus building. Our goal this week will be to do some of both.

This city is the appropriate place to have this meeting. Not only is Washington State the most trade-oriented State in the Union, but as I learned from the Governor on the way up the stairs when I asked him, 80 percent of your trade is tied to the Asian-Pacific region, and 90 percent of the imports to this port in Seattle come from Asia. Over half of Boeing's planes, Microsoft's computer programs, and Washington's wheat are sold abroad.

Today I want to talk with you who have done so much to make this meeting a reality about why APEC and the Asian-Pacific region will play a vital role in our American quest to create jobs and opportunity and security. And I want to begin by talking about what I believe our broader purposes as a nation must be as we near the end of this tumultuous century.

Once in a great while, nations arrive at moments of choice that define their course and their character for years to come. These mo-

ments are always hard, because change is always hard, because they are steeped in controversy, because they are often full of risk. We know and regret the moments when our Nation has chosen unwisely in the past, such as when we turned the world toward protectionism and isolationism after World War I or when we failed for so long to face up to the awful consequences of slavery. We celebrate the chapters of American history in which we chose boldly: the Declaration of Independence, the Louisiana Purchase, the containment of communism, the embrace of the civil rights movement.

Now we have arrived again at such a moment. Change is upon us. We can do nothing about that. The pole stars that guided our affairs in the past year have disappeared. The Soviet Union is gone. Communist expansionism has ended. At the same time, a new global economy, a constant innovation, and instant communication is cutting through our world like a new river, providing both power and disruption to the people and nations who live along its course.

Given the disappearance of the Soviet threat and the persistence of problems at home, from layoffs and stagnant incomes to crime rates, many Americans are tempted to pull back and to turn away from the world.

This morning, I ran with some of my friends from Seattle, and we were talking about the irony that some of us felt being so excited about this meeting and all of its promise and prosperity. And one of my friends who is a judge here was going to court to deal with candidates for parole and talking to me about all the young children who are in trouble, even in this, one of our most vibrant cities. In times like this, it is easy to just turn away. Our people have a right to feel troubled. The challenge of the global economy and our inadequate response to it for years is shaking the moorings of middle class security. So are the destructive social developments here at home and our inadequate response to them. But we simply cannot let our national worries blind us to our national interests. We cannot find security in a policy of withdrawal guided by fear. We must, we must pursue a strategy of involvement grounded in confidence in our ability to do well in the future.

Our security in this new era clearly requires us to reorder our military forces and to refine our force structure for the coming years. But our national security also depends upon enlarging the world's community of market democracies because democracies make more peaceful and constructive partners. That's why we're leading an ambitious effort to support democratic and market reforms in all the nations of the former Soviet Union.

And more than ever, our security is tied to economics. Military threats remain, and they require our vigilance and resolve. But increasingly, our place in the world will be determined as much by the skills of our workers as by the strength of our weapons, as much by our ability to pull down foreign trade barriers as our ability to breach distant ramparts.

As President I've worked to put these economic concerns of our people at the heart of our domestic and our foreign policy. We cannot remain strong abroad unless we are strong at home. Stagnant nations eventually lose the ability to finance military readiness, to afford an activist foreign policy, or to inspire allies by their examples. You have only to look at what happened to the former Soviet Union to see that lesson writ large. It collapsed from the inside out, not from the outside in.

At the same time, creating jobs and opportunities for our people at home requires us to be engaged abroad, so that we can open foreign markets to our exports and our businesses. Today exports are the life blood of our economic growth. Since the mid-1980's, half our increases in incomes and almost all the expansion and manufacturing jobs in the United States have been tied to exports. This trend will continue. All wealthy nations—and many more than we—are having difficulty creating jobs and raising incomes even when there is economic growth. Why is that? Because workers in advanced countries must become ever more productive to deal with competition from low-wage countries on the one hand, and high-skilled, high-tech countries on the other. Being more productive simply means that fewer and fewer people can produce more and more goods.

In an environment like that, if you want to increase jobs and raise incomes, the only way to do it is to find more customers for each country's product. There is no alternative. No one has yet made any convincing case that any wealthy country can lower unemployment and raise incomes by closing up its borders. The only way to do it is to expand global growth and to expand each country's fair share of global trade. This country must do both.

To prosper, therefore, we have to try to get all nations to pursue a strategy of growth. I have worked hard on that. For 10 years, I watched America go to these G-7 meetings and be hammered on by other nations to reduce our deficit, to stop taking money out of the global pool of investment capital, to help to contribute to global growth by showing some discipline here at home. Well, we've done that. We've done that. And now we must get our partners in Europe and Japan to also follow strategies that will promote global growth.

Much of our trade deficit problems today are the result directly of slow economic growth abroad. And this Nation now is growing more rapidly than all of our wealthiest competitors. We must do that. But we must also compete, not retreat. We cannot confuse our objectives with our problems. We have no alternative, even in a time of slow global economic growth, to taking the steps to expand world trade.

We are pursuing a new global trade agreement under GATT by the end of this year. In July, we negotiated a market opening agreement at the G-7 to help advance the GATT process. That market opening agreement offers the prospect of hundreds of thousands of new jobs in the American economy.

We have placed our vital relationship with Japan on a new foundation that will allow our workers and our businesses greater access to Japanese markets when we complete the process. We have established a new dialog for economic cooperation with Korea aimed at improving trade and the regulatory environment for the United States and other foreign businesses in that nation.

Now, after a long and difficult national debate, we're about to secure something I have

fought for tooth and nail, as the previous speakers discussed, the North American Free Trade act. I fought for NAFTA because I believe it will create American jobs and a lot of them and because I believe it will improve the quality of our life and because I know it will lead us to similar agreements with the rest of the market democracies in Latin America and because I believe that it sends a message that our hemisphere wanted to hear and that the world needs to hear: The cold war may be over, but the United States is not about to pull up its stakes and go home. We will remain engaged in the world.

This, after all, is the real significance of NAFTA. It does not create a trading bloc; it is a building block in our efforts to expand world economic opportunity and global growth and, in the process, to promote jobs and opportunity for Americans.

Wednesday's vote for NAFTA enables me to begin this APEC meeting bolstered by a bold expression of America's intent to remain involved in the world. And the NAFTA vote combined with this APEC conference greatly strengthens our push for an even bigger potential breakthrough, a new GATT agreement.

I want to be clear about this. This Nation will not accept a flawed agreement, but if we can achieve one that meets our standards, the benefits to our people could be enormous. Over the first 10 years, a good GATT agreement could create 1.4 million American jobs and boost the average American family income by \$1,700 a year. Over a decade, it could expand the world's economy by \$5 trillion. This, my fellow Americans, is the answer to 20 years of stagnant wages for the hard-working middle class.

Our willingness to fight for these initiatives, for NAFTA, for an invigorated APEC, for a good new GATT agreement, should make it clear to the world that America will lead the charge against global recession and the pressures for retrenchment it has created, not just here in our country but in all the advanced nations of the world. Years from today, Americans will look back in these months as a moment when our Nation looked squarely at a new economic era and did not flinch from its challenges.

As we exert our leadership in the global economy, we have to pursue a three-part strategy. We must first continue to make our economy and our people more competitive. Second, we must focus our global initiatives on the fastest growing regions. Third, we must create new arrangements for international relations so the forces of this era benefit our people as well as our partners.

Our first challenge involves actions here at home. After years of neglect we're putting our economic house in order so we can compete and win abroad. We've enacted a sweeping deficit reduction measure that points the way back to solvency. The deficit this year was cut about \$50 billion below where it was estimated to be on the day that I took office, largely because of plummeting interest rates that are directly resultant from the deficit reduction efforts.

We're investing in education and training and the knowledge and skills of our people and the technologies of the future. We're working to ensure that we have the means to adjust to a dynamic world economy. We created some special bridge programs for any workers displaced by NAFTA. And early next year, I will propose a plan to transform America's unemployment system into a re-employment system of lifetime education and training and job placement services for workers who have to change jobs many times. Particularly as we enact NAFTA, we must recognize that we have a solemn obligation to make our involvement in international trade serve the interest of our people. That means they have to be able to adjust to change.

And if I might just add a parenthesis here to all of you who are very much future oriented, this country today is really being limited in what we can do because so many of our systems, economic and social, are organized for conditions that no longer exist. We are not organized to make the changes we all want to make.

The unemployment system is simply an example of that. The unemployment system was created at a time when the average length of unemployment was shorter than it is today and when the average unemployed person when called back to work went back to his or her former employer, which is not

the case today. So unemployment could literally be a more passive system. You could draw money out of it. Your wage would go down for awhile, but you knew you'd be called back to your old employer. That's fine for a static economy. It doesn't work for a dynamic economy where the average 18-year-old must change jobs seven times in a lifetime, where the average unemployed person is unemployed for longer, and when most people don't get called back to the same job they gave up.

The unemployment system, in short, is now an unfair tax on employers because it doesn't function and a rip-off for employees because it doesn't help them. Why? Because the system was organized for a reality that isn't there anymore. So what the Labor Secretary is trying to do is to set up a system where people who lose their jobs immediately—and even before they lose their jobs, if possible—begin training programs, begin job placement programs, begin thinking about what the future really holds, instead of living with a system that was yesterday's reality and is today's sham.

Time here does not permit this, but there are a lot of creative people in this room, and I cannot resist this opportunity to say, if you will look at the operative systems in the courts, in the juvenile system, in all the social systems in this country, in the education and training systems, and in the economic arrangements of this country, you will find example after example after example after example where good, bright, creative people, who know what the problems are, are struggling with organizations which thwart their ability to deal with the world as it is. This is one of our great challenges, my fellow Americans, and we must face it.

With the end of the cold war, we're trying to open billions of dollars' worth of formerly restricted high-tech goods to export markets. We're working to speed the conversion of companies, of workers, of communities from defense to commercially successful economies. With the Vice President's leadership, we're reinventing Government, reducing bureaucracy. We're about to reform our health care system in ways that will relieve businesses burdened by unfairly rising costs and

provide security for families terrorized by uncertain coverage.

All these steps to make our people and our Nation better prepared to thrive in this competitive economy are important. The beginning steps, while limited, are beginning to pay off. The deficit has declined. Interest rates have been at historic lows. Inflation rate remains low while investment is increasing. Housing costs have climbed for 3 straight months. Employment is increasing. In the first 10 months there has been more private sector job increase than in the previous 4 years. To be sure, there is still much to do, but this is a good beginning.

The second part of this strategy must be to expand the sweep of our engagement. For decades, our foreign policy focused on containment of communism, a cause led by the United States and our European allies. I want to emphasize this here today: Europe remains at the core of our alliances. It is a central partner for the United States in security, in foreign policy, and in commerce. But as our concern shifts to economic challenges that are genuinely global, we must look across the Pacific as well as the Atlantic. We must engage the world's fastest growing economies.

Our support for NAFTA is a recognition not only that Mexico is our closest big neighbor and a very important part of our future but that Latin America is the second fastest growing part of the world and a part of the world increasingly embracing both democracy and free market economics, two things that have eluded that continent for too long.

The fastest growing region, of course, is the Asian Pacific, a region that has to be vital for our future, as it has been for our past. A lot of people forget that we began our existence as a nation as a Pacific power. By the time of George Washington's Inauguration, American ships were already visiting China. In this century, we fought three major wars in the Pacific. Thousands of our people still remain stationed in the region to provide stability and security in the armed services. And our cultural bonds are profoundly strong. There are now 7 million American citizens of Asian descent.

The Asian Pacific has taken on an even greater importance as its economy has ex-

ploded. It's a diverse region spanning 16 time zones, having at least 20 different major languages and hundreds of dialects. This is a region where many rice farmers still harvest their crops by hand, and yet it is the home to the world's fastest growing cities. Yet amid this great diversity a distinct economy has emerged, built upon ancient cultures connected through decentralized business networks, linked by modern communications, and joined by common denominators of high investment, hard work, and creative entrepreneurship.

What has happened to Asia in the past half-century is amazing and unprecedented. Just three decades ago, Asia had only 8 percent of the world's GDP. Today it exceeds 25 percent. These economies are growing at 3 times the rate of the established industrial nations. In a short time, many of these economies have gone from being dominoes to dynamos; from minor powers racked by turmoil—[*applause*]*—yes, you can clap for them. It's true.*

The press will ask me at the end of this speech who gave me that phrase. It came from Win Lord, our Assistant Secretary of State for Far Eastern Affairs. He also gives me good ideas, as well as good phrases. [*Laughter*]

This is a hopeful time. For the first time, for the first time in this century, no great military rivalry divides the Asia-Pacific region. Active hostilities have yielded to possibilities for cooperation and gain. Of course, the region still has problems and dangers. Tens of millions of Asians still live on less than a dollar a day. There are territorial disputes, ethnic tensions, and weapons proliferation. This sudden growth has led to serious environmental strains from smoke-choked cities to toxic dumping. And there are human rights abuses and repression which continue to affect millions of people throughout the region.

The economic explosion has been a source of anxiety for many Americans. Our workers are concerned that their jobs, their markets are being lost to Asia. Of the nations that are represented here, I believe we have a trade deficit with all but one. These trade imbalances with Japan and China alone account for more than two-thirds of our total

trade deficit. And we do have a trade deficit, as I said, with virtually every one of the nations.

Yet, ultimately the growth of Asia can and should benefit our Nation. Over the past 5 years, our exports to every one of these nations has increased by at least 50 percent. Much of what Asia needs to continue on its growth pattern are goods and services in which we are strong: aircraft, financial services, telecommunications, infrastructure, and others. Already, Asia is our largest trading partner. Exports account for 2.5 million jobs here in America, to Asia. Increasing our share of that market by one percent would add 300,000 jobs to the American economy. This is an effort worth making.

Of course, we must continue to press the nations to be more open to our products as we are to them. We've made a good start with the economic framework agreement with Japan, and I look forward to discussing the elements of that and the progress we can make with Prime Minister Hosokawa later today.

We're also determined to work with China to eliminate its trade barriers and to raise the issue of our continuing concerns over human rights and weapons sales. I look forward to doing all that when I meet with President Jiang today, in an effort to put our relationship with China on a more constructive path but still one that deals with all of these issues that are important to the United States.

We do not intend to bear the cost of our military presence in Asia and the burdens of regional leadership only to be shut out of the benefits of growth that that stability brings. It is not right. It's not in the long-term interest of our Asian friends. And ultimately, it is a trade relationship that is simply not sustainable. So we must use every means available in the Pacific, as elsewhere, to promote a more open world economy through global agreements, regional efforts, and negotiations with individual countries.

As we make these efforts, United States business must do more to reach out across the Pacific. I know Seattle's business community understands the potential that lies in the Asian-Pacific region. But millions of our businesses do not. We cannot have customers

where we are not there to make the sale. I want American businesses to see the opportunities, to hear the success stories not only here but all across the Nation. I want more American businesses to follow the examples of firms like H.F. Henderson Industries in West Caldwell, New Jersey, which manufactures automatic weighing systems. This small firm's sales to China, South Korea, Australia, Singapore, and Hong Kong have added over two dozen jobs to its payroll of 150. You think about that. If every company in America with 150 employees could add two dozen jobs by exports to Asia, we would have a much smaller unemployment problem in a very short time. We have to do a better job of piercing those markets even as we press for them to be open.

In July, I made my first trip overseas as President to Asia. During that trip, I proposed this leaders meeting and described a vision of a new Pacific community to underscore the importance we place on working for shared prosperity, for security, and for democracy. As I said earlier, the Secretary of State, the Secretary of Commerce, our Trade Representative, they've all come to Seattle, all going to give major speeches here, all going to make our presence felt. We want to be a partner with all of the other nations that are here in making this Pacific community.

But as I said earlier about our problems here at home with the unemployment system, you could also say the same thing about the international system. We have to develop new institutional arrangements that support our national economic and security interests internationally.

If you look at the end of World War II and the success that flowed from it, that didn't happen by accident. Visionaries like Harry Truman and George Marshall, George Kennan, Dean Acheson, Averell Harriman worked with other nations to build institutions like NATO, the IMF, the World Bank, the GATT process. We take it for granted now. But it took them a few years to put this together. And it wasn't self-evident at the time that it had to be done. And a lot of people thought it was a waste of time or effort, and others thought that it would never work, and others thought that it wasn't even

a good idea. But these people had the vision to see that collective security, expanded trade, and growth around the world were in the interest of the ordinary American citizen.

We now have to bring the same level of vision to this time of change. We've done that through our vote for NAFTA. We will do so again at the NATO summit this January, where I will recommend a new partnership for peace to draw Central and Eastern Europe toward our community of security. And we're working to build a prosperous and peaceful Asian-Pacific region through our work here with APEC.

This is still a young organization. I want to salute those who had the vision to establish it, such as former Australian Prime Minister Robert Hawke and others, including President Bush and those in his administration who wanted to host this regional leaders meeting in Washington State. But I want to say also that we now must imagine what this organization should be in the 21st century.

Over time, there is a lot we may be able to do through this organization that no one ever thought about before. It could become a forum for considering development priorities in Asia, for working with the Asian Development Bank to assure that all can share in the region's economic growth. It could help to focus attention on barriers to trade and growth. It could evolve into a forum for dispute resolution on economic matters.

The mission of this organization is not to create a bureaucracy that can frustrate economic growth but to help build connections among economies to promote economic growth. Although we are still only formulating APEC's agenda, we can speculate what some of those connections might be.

This organization, for example, could help to set up common telecommunication standards so firms don't need to have a different product design for each separate country. It could help us to move toward an open skies agreement that could lower fares for airline passengers and cargo and provide greater consumer choices over routes. It could promote solutions to the environmental problems of this populous and energy-devouring region, problems that are truly staggering today, so that we could guarantee that a pol-

luted quality of life does not undermine a rising standard of living.

Protecting the Pacific environment also can be a particular source of American business opportunities. Asia's purchases of environmental equipment likely will rise by \$40 billion by the end of this decade. And our Nation, which has pioneered many of those technologies, should be there to claim the large share of that market.

APEC can complement our Nation's other efforts to open world trade. It can provide a counterbalance to our bilateral and our global efforts. If we encounter obstacles in a bilateral negotiation, we should be able to appeal to other APEC members to help us to resolve the disputes. If our efforts to secure global trade agreements falter, then APEC still offers us a way to expand markets within this, the fastest growing region of the globe.

I expect this first meeting of APEC leaders to focus on getting acquainted and on sharing perspectives. Whatever we do must be done in a spirit of genuine partnership and mutual respect in the interest of all of the nations involved. This cannot be a United States show. This has got to be an Asian-Pacific combined partnership.

Nonetheless, I believe it is our obligation to propose some tangible steps to move forward. We will propose that Secretary Bentsen organize a meeting of the APEC's finance ministers to advance our dialog on the broad issues affecting economic growth. We will propose the formation of an Asia-Pacific business roundtable to promote greater discussion within the region's private sectors. We will ask the leaders to endorse the establishment of an Asia-Pacific education foundation to promote understanding and a sense of community among our region's young people. These first steps are small. But we should not understate or underestimate the scope of the journey that they could begin.

Today we take for granted the importance of many institutions that seemed unlikely when they were first created. For example, we can't imagine now how we could have weathered the cold war without NATO. In the same way, future generations may look back and say they can't imagine how the Asian-Pacific region could have thrived in

such a spirit of harmony without the existence of APEC. Even though this organization is in its infancy and its first leaders meeting is not intended to make decisions, we should not hesitate to think boldly about where such efforts could lead.

For this organization, these meetings and these relationships we are forging today can lead our members toward shared expectations about our common responsibilities and our common future. Even now we can begin to imagine what a new Pacific community might look like by the end of this decade, and that's not very far away.

Imagine an Asian-Pacific region in which robust and open economic competition is a source of jobs and opportunity without becoming a source of hostility and instability, a sense of resentment or unfairness. Imagine a region in which the diversity of our economies remains a source of dynamism and enrichment, just as the diversity of our own people in America make our Nation more vibrant and resilient. Imagine this region in which newly emerging economic freedoms are matched by greater individual freedoms, political freedoms, and human rights; a region in which all nations, all nations, enjoy those human rights and free elections.

In such a future we could see Japan fast becoming a model of political reform as well as an economic colossus, pursuing policies that enable our economic relations to be a source of greater mutual benefit and mutual satisfaction to our peoples. We could see China expressing the greatness and power in its people and its culture by playing a constructive regional and global leadership role while moving toward greater internal liberalization. We could see Vietnam more integrated into the region's economic and political life after providing the fullest possible accounting of those Americans who did not return from the war there.

We could even see a Korean Peninsula that no longer braces for war but that lives in peace and security because its people, both north and south, have decided on the terms of reunification. We could see a region where weapons of mass destruction are not among the exports and where security and stability are assured by mutual strength, respect, and cooperation, a region in which di-

verse cultures and economies show their common wisdom and humanity by joining to preserve the glory of the Pacific environment for future generations.

Such goals extend beyond tomorrow's agenda. But they must not lie beyond our vision. This week our Nation has proved a willingness to reach out in the face of change to further the cause of progress. Now we must do so again. We must reach out to the economies of the Pacific. We must work with them to build a better future for our people and for theirs. At this moment in history, that is our solemn responsibility and our great opportunity.

Thank you very much.

NOTE: The President spoke at 9:42 a.m. in the Spanish Ballroom at the Four Seasons Hotel. A tape was not available for verification of the content of these remarks.

Letter to the Speaker of the House of Representatives on the Penny-Kasich Deficit Reduction Proposal

November 19, 1993

Dear Mr. Speaker:

I write to express my strong opposition to the Penny-Kasich amendment to H.R. 3400.

Over the past year, we have taken bold and serious steps to bring down the federal budget deficit and regain control of our economic destiny. We can be proud of the \$500 billion in deficit reduction—including \$255 billion in spending cuts—that we accomplished for fiscal years 1994 through 1998. The hard freeze on discretionary budget authority and outlays is the most significant step that has ever been taken to control discretionary spending. Likewise, my executive order establishing targets for mandatory spending (along with the specific mandatory savings contained in the reconciliation bill) is the first real step that has been taken to control unforeseen increases in entitlement programs. Furthermore, we have introduced the most detailed plan ever to provide universal health coverage and control the rise in health care spending—which is the main culprit in driving up the budget deficit.

With specific regard to fiscal year 1994, we have already achieved, in the budget and appropriations process, savings of some \$12 billion from the 1994 cap on budget authority. That is a major accomplishment. I have also sent to the Congress a 6-year \$9 billion package of additional spending reductions and a \$2 billion fiscal year 1994 rescission bill. I am also supporting efforts to increase these savings as contained in H.R. 3400. The primary changes will be: (1) increasing the rescission proposal to \$2.6 billion in fiscal year 1994; and (2) a specific requirement to implement the National Performance Review (NPR) proposal to eliminate 252,000 positions from the federal work force. These and other actions will bring the total savings in the package to \$25-\$30 billion, as likely to be scored by the Congressional Budget Office.

In addition to these spending cuts, my Administration is working with the Congress on major reforms in the procurement process to be based on the principles established in the Vice President's NPR. If the legislation follows those principles, we anticipate that the procurement measure will save another \$22 billion over 6 years on top of the \$25 billion—\$30 billion in spending cuts described above.

The Penny-Kasich amendment to this savings package includes many meritorious spending cuts. Indeed, many of them have been proposed by my Administration to finance health care reform and meet the unprecedented spending caps in the recently passed economic plan. As they have included several of our cuts in their package, we will include several of these cuts in either our package or our FY 1995 budget proposal. Yet, despite these areas of common ground, I strongly believe that the amendment should not be passed for the reasons set forth below:

Health Care Reform. In the aftermath of the \$500 billion deficit reduction plan, the largest trouble spot in the federal budget is the spiraling cost of health care. The best single hope for reducing the long-term structural deficit is passage of fundamental health care reform to bring these costs under control. Yet, Penny-Kasich claims over \$40 billion of the potential Medicare savings needed for *any* serious health care plan. Therefore,